

**Capital:** Tbilisi

**Population (2002):** 4.4 million

**GDP(current US\$):** \$3.2 billion (2001)

**Population below national poverty line (2001):** 51.8%

**GDP per capita (current US\$):** \$588 (2001)

**GDP per capita (purchasing power parity):** \$3,100 (2001)

**Religion:** Georgian Orthodox 65%, Muslim 11%, Russian Orthodox 10%, Armenian Apostolic 8%, other 6%

**Language:** Georgian (official), Abkhaz also official language in Abkhazia

**President:** Eduard Shevardnadze

**Ambassador to US:** Levan Mikeladze



**National Interest:** U.S. national interest in Georgia stems most importantly from its being a staunch ally. In addition, as the western portal to the Great Silk Road and the newest conduit of Caspian oil to world markets, Georgia has become a strategic gateway of energy and trade routes linking East and West. With U.S. support, Georgia's potential to be a vibrant, free-market democracy strengthens its capacity to be a stabilizing force in the region. There are many concerns, however, such as endemic corruption, concentration of executive power, and unresolved internal conflicts, which threaten Georgia's overall development prospects and warrant ongoing engagement.

### **OVERVIEW OF USAID'S FOCUS IN GEORGIA**

FY03: Total FSA - \$82.6; USAID Total - \$49.0 million

**Economic Growth (FY03 \$21.9 million, 45%):** USAID activities focus on improving the environment for business development and private investment through land privatization, banking supervision, tax and fiscal reform, provision of business services, access to credit for small and medium enterprises (SMEs), and regulatory reform particularly in the energy sector. Through a two-phase agriculture support program - Support Added Value Enterprises (SAVE) - USAID supports increased economic growth through expanded production and sales (primarily exports) of added-value agricultural products (ACDI/VOCA). The Georgia Enterprise Growth Initiative (GEGI) concentrates on demand-driven policy reform, development of financial infrastructure and targeted competitiveness (BearingPoint). Land market reform activities, which support the registration of ownership rights for landholders and the development of a secondary market for both enterprise and agricultural land, have resulted in over 2.3 million surveyed, registered and titled agricultural land parcels, constituting 25% of agricultural land in Georgia (Terra Institute, Association for the Protection of Landowners Rights). Through PA Consulting, USAID energy activities provide training and assist with drafting laws and regulations on energy privatization and energy conservation to build the management and implementation capacity of ministerial, parliamentary, and regulatory bodies.

**Democracy (FY03 \$9.4 million, 19%):** USAID's democracy program includes four major sub-sectors: local governance; civil society and media; political processes and rule of law. With a focus on Georgia's regions, the democracy portfolio concentrates many activities outside Tbilisi, at the local level. The Local Governance Reform Initiative (Urban Institute) works to improve local government responsiveness through training and increasing interaction between governments and citizens. The "Citizens Advocate!" program (Save the Children) works with local NGOs to develop a more effective lobby for citizen interests, and actively addresses legislative concerns in the NGO sector. Rule of law activities focus on increasing awareness of legal rights and the provision of legal services to disadvantaged citizens; judicial reform, ethics training for judges, administration of the judicial exam, and implementation of the law on the bar; and anti-corruption efforts that enhance government transparency and accountability (ABA/CEELI and IRIS Center Consortium). USAID assistance for the fall 2003 parliamentary elections is focused on key areas such as voter registration, election administration, election law, political processes, and election monitoring.

**Social Issues (FY03 \$10.0 million, 20%):** Humanitarian activities are focused on three main areas, which include addressing urgent needs in emergency situations; assisting communities at the grassroots level to promote self-sufficiency; and strengthening health care services. Conflict management is a cross-cutting component in this strategic area. Through community mobilization initiatives (CARE, Mercy Corps, Save the Children), USAID supports and mobilizes local NGOs and community groups in the regions to identify needs that will support sustainable community and social services. Projects include supporting health care, shelter, schools, roads, irrigation, and sanitation. The Georgia Winter Heating Assistance Program (PA Consulting) provides energy assistance to vulnerable people and institutions. In FY 2002, over 180,000 households and 560 socially critical institutions received energy subsidies. USAID's health program includes partnerships between Georgian and American health institutions (AIHA), women's health activities targeted on increasing the use of family planning and reproductive health services (Management Sciences for Health), and infectious disease (STI/HIV prevention and immunization) programs.

**Cross-Cutting Programs (FY03 \$7.7, 16%):** Activities in this area primarily include training and small grants. Training complements all areas of USAID assistance and is considered key to improving the quality of life as Georgia works through economic and political reform. Through the Eurasia Foundation, USAID supports local initiatives that promote private enterprise development, public administration and policy, civil society, and community anti-corruption programs